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7 February 1964

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CENTRAL

INTELLIGENCE

BULLETIN



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*Cyprus: The situation on Cyprus appears to be steadily degenerating while a compromise peace plan is being sought in London.

The general fighting that broke out yesterday in the Paphos and Larnaca areas in southern Cyprus is the sharpest threat so far to the six-week-old truce. Several villages were set afire and at least one was burned out.

Heavy fighting also reportedly broke out in the countryside just south of Nicosia. Greek Cypriot police warned civilians to stay off streets and out of the countryside. The Greek underground repeated this warning.

In London, the search for an acceptable compromise peace plan is apparently approaching a climax. Commonwealth Relations Secretary Sandys is scheduled to meet with Cypriot Foreign Minister Kyprianou today to discuss revisions of the US-UK proposals.

Kyprianou continues to insist that any international force sent to Cyprus be under UN control and responsible to the Security Council.

Sandys has told him flatly that neither the US nor UK would participate in such a UN force. Sandys has indicated, however, that some type of UN link, possibly through a prearranged Security Council resolution of approval and by provision for periodic reports to the UN, might be worked out. If Makarios approves this formula, the remaining questions should be negotiable.

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The student demonstrations in Athens on 5 February were the largest held before the American Embassy in many years, according to the US ambassador.

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The demonstrators, led by the center-left student organization, chanted militant anti-American slogans. The same crowd appeared later before the British Embassy in a much uglier mood.

In Ankara, Foreign Minister Erkin has re-emphasized to Ambassador Hare that federation is essential to a settlement, although he renounced the idea of full partition. Erkin said that Greek Foreign Minister Palamas told him before they left London that he could see "usefulness" in certain ethnic regrouping in Cyprus.

Although Prime Minister Inonu reportedly believes the time for Turkish military intervention has passed, elements within the Turkish General Staff and lower echelons of the military do not share this view.

The Turkish public also generally appears to favor a firmer stand on Cyprus and probably would fully support military intervention if and when it appears necessary to protect Turkish Cypriots. Continuing dissatisfaction over the situation may prompt at least a Turkish show of force, possibly by naval units off the north coast of Cyprus.

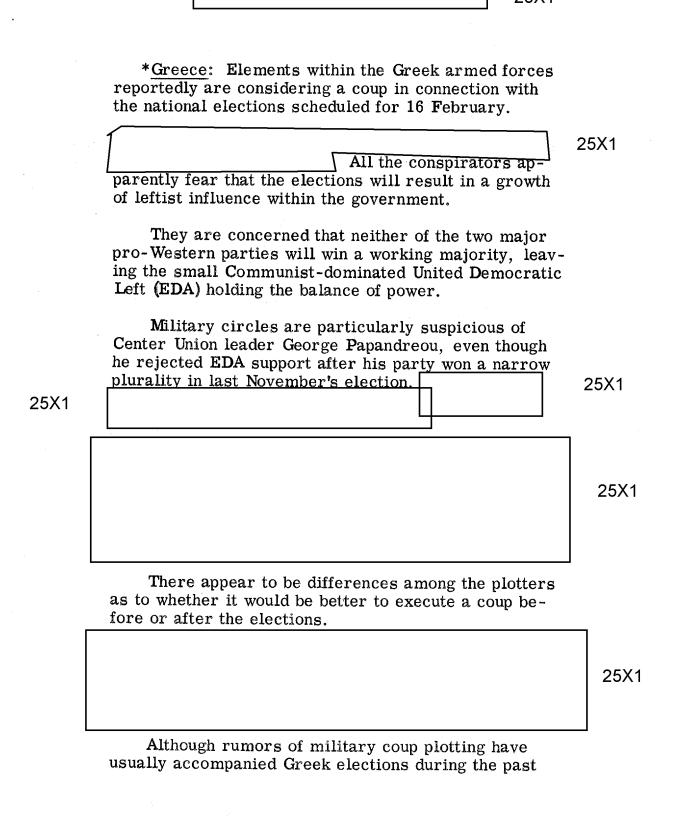
Panama: The carnival week end of 8-9 February will provide radical nationalists with a favorable opportunity to disrupt the superficial calm in Panama.

Leaders of the principal student organization have called a mass meeting for 9 February in Panama City to pay tribute to the "martyrs" of the 9 January outbreaks and "to defeat Yankee imperialism and all our enemies."

Idle crowds will be larger than usual because of the government ban on any traditional carnival events, and they will offer a tempting target to agitators. Radio stations and influential newspapers edited by some of Panama's cleverest extremists are continuing a strong anti-US campaign which encourages efforts to provoke violence.

The Chiari government reportedly is worried about anticipated economic deterioration and its political repercussions, despite recent boasts to the contrary. The sharp drop in commerce and tourist business is also causing serious concern among the upper and middle income groups.

Final selection of national legislative candidates for the May elections, which must be made by 11 February, will probably increase the undercurrent of tension. The 19 registered parties are now actively engaged in horse-trading for the 42 assembly seats at stake. The heightened interest in these selections has resulted from maneuvering over shifts in presidential candidacies.



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decade, this is the first election since 1952 in which	
the right-of-center party considered favorable to the	
military is not expected to win.	

Ghana: Russians who may be security men evidently are functioning inside the heavily guarded castle where Nkrumah has remained secluded since the abortive attempt on his life last month.

At least 10, and perhaps 40 Soviets, whose presence in Ghana has not been accounted for, are known to have arrived aboard the two most recent weekly Aeroflot flights.

Nkrumah's deep sense of insecurity may well have led him to urge Moscow to provide substantial additional help for his personal security arrangements.

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The US Embassy in Accra believes that probably

the single most important element in this context is Nkrumah's conviction that the US is out to overthrow him. He told the Ghanaian official who saw him on 4 February that "These Americans are devils, and I am

going to put them in their place."

25X1	*Spain-USSR: Spain and the USSR will resume diplomatic relations by 1 April,	
25X1	Madrid waived its precondition of Soviet return of the Spanish Republic's gold reserve after Moscow agreed to discuss this matter 'as the first item of contention' following reestablishment of relations.	
	the Spanish Government has already named a first secretary for an embassy in Moscow and has apparently chosen the ambassador. In taking this step, Franco would probably hope to demonstrate the greater international acceptability of his regime and thus weaken the strong European opposition to Spanish membership in the Common Market and NATO.	25X1
	Franco apparently feels that the prestige gains from recognition outweigh any increase in Communist Party activity which may arise from the establishment of a Soviet mission in Madrid.	
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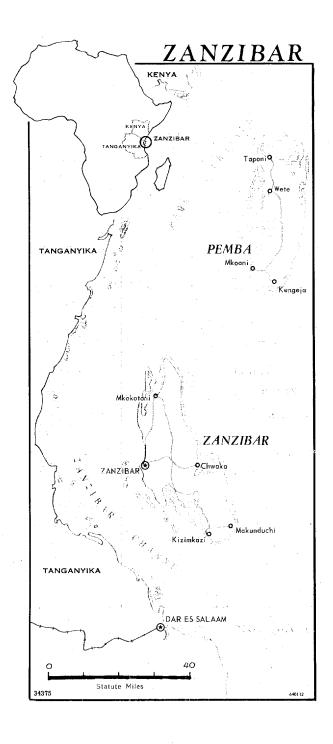
<u>USSR-India</u>: The USSR apparently is willing to sell <u>India</u> the equipment for 14 additional surface-to-air missile (SAM) sites requested by New Delhi last December.

Soviet officials have intimated that Moscow is agreeable to somewhat easier terms--eight-year repayment instead of five--than were available for previous Soviet-Indian arms trapsactions involving credits.

25X1	The new contract would boost total Indian SAM purchases to enough for 22 sites, worth about 25	5X1
	The first shipment of Soviet SAM training equip- ment reportedly arrived in Bombay last month and more may now be en route from the USSR. A training center including a standard six-launcher firing site probably will be established within 3 months.	
	Delays in getting the training program started apparently have postponed setting up the first operational sites until late this year.]
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NOTES

Zanzibar: Moderate nationalists in Zanzibar's new regime apparently are continuing to lose influence to extremists with Communist ties. All of the top Communist-trained labor leaders have been appointed to important government positions. This week the regime named three of them as the senior officials on Pemba Island; another was named labor 25X1 commissioner. \(\Gamma \) 25X1

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India: The pro-Soviet and pro-Chinese factions of the Indian Communist Party apparently agree that an open split must not be allowed to develop despite their continued differences. The party's predominantly pro-Soviet leadership has become more responsive to reported urgings from Moscow to preserve unity through compromise. Many of the leaders of the pro-Chinese faction, for their part, have come to feel that they have more to gain--possibly even ultimate control of the whole party--by playing along, than by forcing a formal split.

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France-China: A high-level Foreign Ministry official has stated that France will vote for Peiping's admission to the UN and probably for Chinese Communist participation in UN specialized agencies.

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